

ACLI COMMENTS

THE INTERSTATE INSURANCE PRODUCT REGULATION COMPACT

The Interstate Insurance Product Regulation Compact would establish a system to correct the biggest problem our companies have with the state regulatory system today. Life insurance, annuities, disability income, and long-term care insurance, the products sold by ACLI members, must, for the most part, be approved by each state before they are marketed. In addition, states have differing requirements for the structure of these products, so products must be revised based on each state's particular standards before they are approved. Consequently, it is expensive and time-consuming for ACLI members to get their products to market compared with our competitors in the financial services marketplace who are federally regulated. This problem was identified by our CEOs as the element of state insurance regulation most in need of reform.

The interstate compact legislation that you are considering today would enhance state regulation of insurance by creating a Commission governed collectively by the states that would serve as a single point of filing for our products, and that would establish uniform, national standards for those products. Such a system would benefit both consumers and state government, as well as insurers. Consumers will benefit from strong, uniform national product standards, which is especially important given our increasingly mobile population. The quality of product review will be enhanced, as experienced staff will review the filings, thereby enabling regulators to devote more time and resources to monitoring for problems in the marketplace. The public will have more timely access to innovative insurance products. And importantly, the legislature will retain oversight over the process through mechanisms for opting out of the standards, oversight over the Department of Insurance, and the ability to repeal the Compact.

We commend the National Association of Insurance Commissioners for its hard work in finalizing the compact this year, and we have assisted the NAIC in achieving endorsement of the Compact by state legislative groups, including the National Conference of State Legislators (NCSL) and the National Conference of Insurance Legislators (NCOIL). Meanwhile, the NAIC continues to draft national standards for the products that will be governed by the Compact Commission, for use by the Commission if it so chooses. We strongly support the adoption of the Compact, and we will be actively supporting the Compact in all states where the insurance commissioner is backing the legislation.

We urge that you adopt this important piece of legislation in recognition of the need for a streamlined and efficient regulatory process for product filings. National product standards and a single point of filing for life insurance products would benefit all interested parties - consumers, insurers, and government alike.